

Message Text

PAGE 01 LOUREN 00194 231539 Z

53

ACTION AF-18

INFO OCT-01 EUR-25 ADP-00 IO-12 PM-09 L-03 NSC-10 CIAE-00

DODE-00 INR-09 NSAE-00 PA-03 RSC-01 USIA-12 PRS-01

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 RSR-01 /168 W
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FM AMCONSUL LOURENCO MARQUES

TO SECSTATE WASHDC 1852

INFO AMEMBASSY LISBON

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LIMITED OFFICIAL USE LOURENCO MARQUES 0194

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SUBJ: GOVERNOR GENERAL' S SPEECH - COMMENT

REF: LOURENCO MARQUES 193, MARCH 23

1. GOVGEN' S NAMPULA SPEECH (REFTEL) MADE IN CONTEXT OF CONTINUED BUSINESS DISSATISFACTION WITH OPERATION OF IMPORT RESTRICTION AND PROFIT MARGIN LEGISLATION. LEADING BUSINESS ORGANIZATION LEADERS RECENTLY MET WITH GOVGEN IN LOURENCO MARQUES, AND REPORTEDLY WERE REBUFFED FIRMLY WHEN THEY SUGGESTED THAT SOME MIGHT HAVE TO CLOSE DOORS IF RESTRICTIONS WERE NOT RELAXED. LEADERS OF ALL MAJOR BUSINESS ORGANIZATIONS ARE IN NAMPULA FOR MEETINGS THERE WITH GOVGEN, WHICH INCLUDE DISCUSSIBN OF STATE- WIDE ECONOMIC PROBLEMS AS WELL AS SPECIAL PROBLEMS OF MOCAMBIQUE DISTRICT. A KEY QUESTION IS THE DISTRIBUTION OF THE LIMITED IMPORT QUOTAS BETWEEN MANUFACTURERS AND MERCHANTS; THE FORMER CLAIMING PRIORITY ON THE GROUND THAT THEY ARE REPLACING IMPORTS OR PRODUCING EXPORTS, THE LATTER POINTING OUT THAT THEY MUST MAINTAIN A CERTAIN TURNOVER (ESPECIALLY WITH CONTROLLED PRICES) OR GO BANKRUPT. STRESS OF GOVGEN' S SPEECH ON ECONOMIC LIMITED OFFICIAL USE

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PAGE 02 LOUREN 00194 231539 Z

PROGRESS AND HOPE OF BETTER CONDITIONS IN CURRENT YEAR UNDOUBTEDLY INTENDED TO MOLLIFY BUSINESS COMMUNITY' S FEARS.

2. MAJOR POLITICAL HIGHLIGHT OF ADDRESS WAS ANNOUNCEMENT THAT NEW LEGISLATIVE ASSEMBLY WILL BE MORE THAN HALF NON-WHITE. NATIONAL ASSEMBLY DEPUTY AND MOZAMBIQUE ANP HEAD RIBEIRO VELOSO TOLD US BREAKDOWN OF THE 50 ANP CANDIDATES IS 24 EUROPEANS, 18 AFRICANS, 4 MULATTOS, 2 INDIANS, ONE GOAN, ONE CHINESE. GOVGEN' S INSISTENCE THAT RACIAL MAKEUP OF NEW ASSEMBLY PURELY THE RESULT OF NATURAL MERIT WILL HARDLY SEEM CONVINCE ANYONE, SINCE THE ETHNIC BALANCE SEEMS CLEARLY JUST AS CAREFULLY PLANNED AS THAT OF THE MUNICIPAL AND DISTRICT COUNCILS CHOSEN LAST YEAR.

3. ECONOMICALLY, HIGHLIGHT WAS ANNOUNCEMENT THAT MOZAMBIQUE HAS ACHIEVED SMALL POSITIVE BALANCE OF PAYMENTS IN 1972, AFTER OVER DECADE OF DEFICITS. HERE AGAIN, THIS HAPPY OUTCOME WAS NOT JUST RESULT OF NEW IMPORT RESTRICTION PROGRAM; THE GOVERNMENT, THROUGH REQUIRED DEFERRAL OF PAYMENTS FOR CAPITAL EQUIPMENT, DELAYS IN APPROVING IMPORT LICENSES, AND A GENERAL 1972 MORATORIUM ON TRANSFERS OF DIVIDENDS TO METROPOLITAN SHAREHOLDERS, HAS PUSHED FORWARD AS MANY ADVERSE PAYMENT ELEMENTS AS POSSIBLE INTO 1973 AND SUBSEQUENT YEARS.

4. NEVERTHELESS, NEITHER NEW ETHNIC BALANCE IN MOZAMBIQUE' S LEGISLATURE NOR FAVORABLE BALANCE OF PAYMENTS CAN BE SHRUGGED OFF AS UNIMPORTANT. HOWEVER CONTRIVED, THEY REPRESENT REAL BREAKTHROUGHS IN MOZAMBIQUE' S CHANGING SOCIO/ ECONOMIC SCENE. VAN OSS

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